

Danville Utilities provides innovative, reliable, competitive, and safe utility services with a highly valued and qualified workforce, while helping drive economic development.

The City of Danville has been in the utility business since 1876. Danville is the only municipality in Virginia to operate all four essential utilities: electricity, natural gas, water, and wastewater along with telecommunications services. Danville Utilities serves the City and adjoining residential neighborhoods with water and gas service. Electricity is distributed to 42,000 customer locations in a 500-square mile service area that includes Danville, most of Pittsylvania County's households, and small portions of Henry and Halifax Counties. Danville Utilities provides water, wastewater, and natural gas services to customers within a 50-square mile area consisting of the city adjacent suburban areas.

Danville Utilities values:

- Safety
- Customer Care
- Professionalism
- A valued workforce
- Stewardship

Danville Utilities fulfills community responsibilities by:

- Ensuring proper accountability to the City Manager, Utilities Commission, City Council, utility customers, and the community.
- Supporting the City's community and economic development efforts.
- Minimizing harmful impact on the service area's natural environment.
- Building and strengthening mutually beneficial relationships with other municipal departments, the school district, and outside organizations.
- Generating revenue to the City's General Fund to support continued provision of world class municipal and school services, thereby ensuring a positive return on utility owner investment.

Danville Utilities is organized into six operating divisions – Water & Wastewater Treatment, Water & Gas, Power & Light, Telecommunications, Support Services, and Administration across five funds.

The Proposed FY 2024 Budget includes operating expenditures (less depreciation and General Fund contributions) of \$164 million and \$31.75 million for affiliated capital projects.

The budget is based on projected revenues using utility rates approved by City Council. The following factors affect all five Utility funds, except as noted:

Salary Adjustments

The amount budgeted for FY 2024 for salaries and FICA are based on salary projections and include pay-for-performance increases received by employees in fiscal year 2023. Consistent with the FY 2023 budget, increases were not distributed to the respective salary and benefit accounts but included in the administrative division of each fund's budget in line item 51417 "Salaries and Wages Adjustment".

There is an allowance of \$494,870 for salary adjustments included in this line item in combined Utility budgets for 2024 in anticipation of the continuation of the pay for performance increases.

Retirement Rates

The latest actuarial report reflects the funding status of the pension system has changed from 106.6% to 105.6%. The report recommended an employer contribution for General Employees hired before 9/1/2019 of 4.948% and for General employees hired after 9/1/2019 of 2.474% of covered payroll to maintain a funded ratio of 100%.

Benefits Allocation

The City’s self-insured employee health insurance plan is accounted for within the Human Resources Department. Through line item 57100 “Employee Benefits/HR Allocation”, each utility division receives an allocation of the plan’s expenses and premiums based on the division’s specific number of employees. The allocation increased an average of 13.5% per Utility fund with an increase of \$207,420 in combined Utility budgets for 2024.

Revenue

Revenue will cover operating costs and ongoing system-related improvements to maintain the integrity and reliability of the utility infrastructure.

Expenditures

This budget includes appropriations of \$15.6 million for contribution to the City’s General Fund which is identical to the prior year contribution. Proposed FY 2024 capital improvements include \$31.75 million in projects that are necessary to meet environmental quality requirements, replace outdated infrastructure and facilities and to improve reliability and safety. Specific projects include:

<u>Fund</u>	<u>Project Name</u>	<u>Project Cost</u>	<u>Funding Source</u>
Wastewater	Fall Creek Sanitary Sewer Reconstruction & Rehabilitation	\$ 1,000,000	Bonds
	New Sewer Lines (Public Works)	\$ 300,000	Revenues
	Sewer Line Reconstruction (Public Works)	\$ 300,000	Revenues
	Cane Creek Boulevard and Airside Drive Force Main (Public Works)	\$ 950,000	Revenues
	Southside Plant Improvements	\$ 15,500,000	Revenues and Grant
	Wastewater Total	<u>\$ 18,050,000</u>	

<u>Fund</u>	<u>Project Name</u>	<u>Project Cost</u>	<u>Funding Source</u>
Water	Water Line Reconstruction	\$ 3,000,000	Bonds
	Water Territory Expansion	\$ 100,000	Revenues
	Water Total	\$ 3,100,000	
Gas	Pittsylvania County Natural Gas Expansion	\$ 1,100,000	Revenues
	Gas Total	\$ 1,100,000	
Electric	Cyber Park Substation	\$ 4,000,000	Bonds
	Electric System Reliability and Improvement	\$ 1,500,000	Bonds
	Substation Upgrades	\$ 4,000,000	Bonds
	Electric Total	\$ 9,500,000	
	Total Projects	\$ 31,750,000	

The proposed utility fund budgets will ensure continued delivery of reliable services at the lowest rates currently possible while supporting vital economic development activities.

**CITY OF DANVILLE - UTILITIES DEPARTMENT
INTRODUCTORY BUDGET FOR FY 2024
ALL UTILITY FUNDS BY FUNCTION**

Description	Wastewater Fund - 51	Water Fund - 52	Gas Fund - 53	Electric Fund - 54	Telecomm Fund - 55	TOTAL
Revenue						
Rev-Use Money/Property	58,640	153,670	345,110	1,237,380	7,150	1,801,950
Charges for Services	9,955,550	8,929,030	27,234,710	132,572,700	679,200	179,371,190
Miscellaneous Revenue	75,000	57,500	7,500	780,000		920,000
Recovered Cost		7,000				7,000
Total Operating Revenue	10,089,190	9,147,200	27,587,320	134,590,080	686,350	182,100,140
Transfer from Fund Balance						
Total Revenue	10,089,190	9,147,200	27,587,320	134,590,080	686,350	182,100,140
Operating Expenses						
Treatment Plants	3,994,780					3,994,780
Public Works	2,076,580					2,076,580
Laboratory		102,490				102,490
Operations-Main		1,435,320				1,435,320
Operations-Industrial		420,000				420,000
Treatment-Main		477,620				477,620
Administration Services	821,150	2,296,890	1,878,230	7,709,060	2,650	12,707,980
Engineering		404,550	378,230	1,373,980		2,156,760
Distribution		865,360	808,970	5,087,740		6,762,070
Service		286,430	313,480			599,910
Meters & Regulators		123,310	159,230			282,540
Meters				384,260		384,260
Gas Control			538,130			538,130
Substations				1,570,950		1,570,950
Transmissions				116,000		116,000
Generators				78,000		78,000
Utility Administrative Services				1,298,660		1,298,660
Support Services				369,900		369,900
Operations					426,250	426,250
Debt Service	152,930	242,600	93,030	3,627,660		4,116,220
Capital Expenses	1,616,990	1,708,280	558,860	5,002,930	50,000	8,937,060
Subtotal Operating Expense (Net of Source of Supply)	8,662,430	8,362,850	4,728,160	26,619,140	478,900	48,851,480
Depreciation	1,959,530	1,494,790	1,554,450	8,104,400	437,520	13,550,690
Source of Supply			18,221,520	97,843,510	60,000	116,125,030
Total Operating Expense	10,621,960	9,857,640	24,504,130	132,567,050	976,420	178,527,200
Annual Contribution to General Fund	705,760	966,300	3,199,330	10,635,610	81,000	15,588,000
Total Expenditures	11,327,720	10,823,940	27,703,460	143,202,660	1,057,420	194,115,200
Add - Depreciation	1,959,530	1,494,790	1,554,450	8,104,400	437,520	13,550,690
Revenue in excess of Operating Expense	721,000	(181,950)	1,438,310	(508,180)	66,450	1,535,630
Capital Improvements						
Capital Projects	500,000	100,000	1,100,000			1,700,000
Sewer Capital Projects	2,550,000					2,550,000
Total Capital Improvements	3,050,000	100,000	1,100,000			4,250,000
Revenues Over(Under) Expenses	(2,329,000)	(281,950)	338,310	(508,180)	66,450	(2,714,370)

**CITY OF DANVILLE - UTILITIES DEPARTMENT
INTRODUCTORY BUDGET FOR FY 2024
ALL UTILITY FUNDS BY ACTIVITY**

Description	Wastewater Fund - 51	Water Fund - 52	Gas Fund - 53	Electric Fund - 54	Telecomm Fnd - 55	TOTAL
Revenue						
Rev-Use Money/Property	58,640	153,670	345,110	1,237,380	7,150	1,801,950
Charges for Services	9,955,550	8,929,030	27,234,710	132,572,700	679,200	179,371,190
Miscellaneous Revenue	75,000	57,500	7,500	780,000		920,000
Recovered Cost		7,000				7,000
Total -- Operating Revenue	10,089,190	9,147,200	27,587,320	134,590,080	686,350	182,100,140
Transfer from Fund Balance						
Total Revenue	10,089,190	9,147,200	27,587,320	134,590,080	686,350	182,100,140
Operating Expenses						
Personnel Svcs	956,440	2,072,610	1,563,940	5,972,840	159,170	10,725,000
Employee Benefits	121,900	259,290	210,000	1,273,940	19,070	1,884,200
Purchased Services	5,058,760	860,630	459,740	4,331,970	164,780	10,875,880
Internal Service	859,000	819,000	78,930	200,670	20,010	1,977,610
Other Operating Expense	239,780	1,755,740	829,190	5,681,030	33,130	8,538,870
Cost Allocation	902,460	1,312,930	1,329,220	2,696,970	81,740	6,323,320
Capital Outlay	275,000	540,470	135,260	61,120	1,000	1,012,850
Debt Service	196,000	742,180	121,880	6,350,600		7,410,660
Reimbursement				50,000		50,000
Not Applicable	53,090					53,090
Subtotal -- Operating Expense (Net of Source of Supply)	8,662,430	8,362,850	4,728,160	26,619,140	478,900	48,851,480
Depreciation	1,959,530	1,494,790	1,554,450	8,104,400	437,520	13,550,690
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